

AWARD

In the Matter of:)	
)	
Dike- New Harford Community School)	
District)	
Public Employer)	
)	Micheal L. Thompson
and)	
)	Arbitrator
Dike-New Hartford Education)	
Association)	
Public Employee Organization)	
)	

Appearances:

For the Employer:

Steve Weidner, Attorney
Lindsey Beecher, Superintenant,
Tom Lizer, School Board Vice President
Jerry L. Nielsen, District Director

For the Public Employee Organization:

Joann Mackin, UniServ Director
Cindy Carroll, ISEA
Diane Harms, DNH Chief Negotiator

STATEMENT OF JURISDICTION

The matter proceeds to an arbitration hearing pursuant to the statutory provisions established in the Public Employment Relations Act, Chapter 20, Code of Iowa. The above named arbitrator was selected from a list furnished to the parties by the Public Employment Relations Board.

A hearing was held on June 6, 2008 at 3:00 pm in Dike, Iowa. The hearing was electronically recorded. At the hearing the parties (Dike-New Hartford Community School District hereinafter Employer and Dike-New Hartford Education Association hereinafter Association) were given the full opportunity to introduce evidence, facts, and arguments in support of their respective positions. Upon the basis of the evidence, facts, and arguments presents, the following awards were made.

STATEMENT OF THE ISSUES

At the hearing, the **Association** reported the following issues:

WAGES

Shall the 2008-2009 BA Base increase for the Dike-New Hartford teachers be the final offer of the Association at \$650 and for those off the schedule \$1675 (4.98%total package).

At the hearing the **Employer** reported the following issues:

Shall the 2008-2009 BA Base increase for Dike-New Hartford teachers be the Final offer of the Employer at \$425 and for those off the schedule \$1550 (4.56% total package)

CRITERIA APPLIED IN MAKING RECOMMENDATIONS

The Iowa Public Employment Relations Act contains criteria that are to be used by an arbitrator in judging the reasonableness of the parties' collective bargaining proposals. The Act establishes the criteria that are to be used by interest arbitrators in formulating their awards. Section 22.9 of the Act provides, in relevant part:

The panel of arbitrators shall consider, in addition to any other relevant factors, the following factors:

- a. Past collective bargaining contracts between the parties including the bargaining that led up to such contracts.
- b. Comparison of wages, hours, and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.
- c. The interests and welfare of the public, the ability of the public employer to finance economic adjustments and the effects of such adjustments on the normal standard of service.
- d. The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

With the criteria mandated for arbitrators firmly in mind and based upon the entire record developed at the hearing, the award contained in this report is formulated

Background

Dike New Hartford Community School District is located in the northeastern part of the state, and it is located in a rural area with an enrollment of 809.4 students, which ranks 137 in size in the state. The enrollment in the District has declined over the last twenty years but has stabilized. The parties have engaged in collective bargaining since 1976 although this district was created in 1996. This is the first time the parties have used impasse procedures since the merged district which indicates the District and Association has been relatively free of acrimony. The current contract is for the year that begins July 1, 2008, and the parties have been unable to resolve the preceding issues. The Employer and Association have spent considerable time in bargaining and negotiations, including the intervention of a mediator to voluntarily resolve the issues. This effort was unsuccessful and the impasse proceeded to hearing.

The Employer and Union presented evidence and each asserted their respective positions. The impasse appears to have generated intense feelings for both groups. The subscribed arbitrator has reviewed and considered at length the arguments, records, and evidence presented and has carefully considered each point raised by the Employer and Association. This dispute centers around wages, and relates to the general economic condition of the District. The parties disagree on this which has led to the instant impasse. Given the intensity, each party was given ample time to present evidence and testimony regarding their respective position. At the end of the session each party elected to not submit a closing brief.

Given the history of negotiations, the parties have experience with comparability. The Employer and the Association use different comparability groups.

The Employer's group includes the schools in the North Iowa Cedar Athletic Conference (hereinafter NICC) and schools within a 50 mile radius of Dike-New Hartford. In addition the District also supplemented its grouping with the ten largest and ten smaller districts. The Association also uses the NICC which includes the following surrounding communities – AGWSR, Aplington-Parkersburg, BCLUW, Denver, East Marshall, Eldora-New Providence, Gladbrook-Reinbeck, Grundy Center, Hubbard-Radcliffe, Hudson, Jessup, Union, and Wapsie Valley,

Among the strategic factors for a neutral to consider in making a recommendation is the comparability group. The weight given by the arbitrator is a function of several factors, which include, but are not limited to: geographical proximity, size of population, demographic characteristics, and other relevant financial data. Therefore, it is not necessary to adopt in its entirety, either party's group as most appropriate. However, appropriate weight has been given to the common tier of comparable districts. Since part of Employer's primary group is identical to the Union's group (North Iowa Cedar Athletic Conference), the analysis will encompass all of those districts. The secondary groupings also include many common districts, and therefore the arbitrator will consider comparability on all of the groups.

Discussion, Finding of Fact, and Awards

The issue in dispute is wages. The Employer argued that it has limited ability to pay especially in the long term, but it is clear that there is not an inability to pay. The employer also argues that its offer is more appropriate given the multiple comparability groups. The Employer indicates that the Arbitrator should award its position as it allows the Employer to begin its multiyear task of correcting the loss of

spending authority. The District also argues that this increase is adequate, fair, and reasonable based upon the new money available (4.77%) as well as comparability. When this is combined with the budgetary limitations the Employer asserts that its offer is most reasonable. The Employer also reported the average settlement trend for those schools in the 50 mile radius is 4.56% while the ten higher and ten lower school district reported a 4.51% increase.. Additionally, the Employer noted that it projects the District will encounter an enrollment decrease which means that the trend of increased spending will continue culminating in a condition where the Employer will not be able to live within its means. Finally, the Employer argues that its actual accounting does not demonstrate the long term concerns because of the GAPP approach which artificially increased funding on a one time basis. The net effect of their argument is that the Employer believes that its offer is reasonable given the conditions.

The Association urges that the Arbitrator award a settlement of \$650 on the base as well as a cash payment of \$1625 for those off the schedule which is a 4.98% package. The Association argues that there is not an inability to pay and that its proposal is more reasonable than the Employer's. The Association argues that this is affordable and that it compares favorably with other members of the NICC as well as other districts throughout the state including the 10 higher and 10 lower. In addition the Association asserts that its proposal is reasonable given the Regular Program Increase (RPI) of 4.77%. Additionally the Association argues that the District will have additional savings from retirement and other turnover – the savings approximate \$122,743 which can be used to more than offset the increase requested. Other points raised by the Association detail an unspent balance of \$1,335,088 and a

Budgetary Ending Fund Balance of \$1,060,194 which reflects a healthy district.

Accordingly, the issue is what is a fair wage. In this instance the Association and Employer urge that the Arbitrator accept slightly different wage requests with the difference being \$13,616. It is apparent that the actual increase is not the real issue, and that the Employer and Association are arguing over the long term. Each takes a different approach, and argues that their respective position is more reasonable. On a comparability basis the Arbitrator finds that the NICC is the most similar unit to Dike-New Hartford – it is closer geographically and in size, however all comparability units were considered by the arbitrator. It is also apparent that the Employer has not argued ability to pay, although the argument is that this is the long term concern. The Association counters that with its analysis of Regular Program Increase (New Money), Cash Balance, Spending Authority, and GAPP Accounting. While it is feasible that the Employer faces long term difficulties, the Employer did not convince the Arbitrator through a preponderance of evidence that this is likely to happen because of the Association's request for an additional increase of \$13,616 for teacher pay. While this increase could create a multiplier effect over time, it was not convincing given the difference in the amount of each proposal and the relative inability to pay argument. Therefore, the question is whether bargaining history and comparability sufficiently warrant an increase of 4.98%.

Bargaining history is relatively limited, although the Association documents settlements versus costs for the years 2003 to 2008. In every case the projected settlement was less than anticipated and the Employer had additional funds available. Similarly historical settlements from 1997 to 2008 show an average total

package of 4.24% based upon a RPI of 2.05% which again reinforces the sense that the Association position is not out of line. On a comparability basis the Employer used the Comparability group within a fifty mile radius of Dike-New Hartford which includes 30 schools including most of the NICC schools. While the total package settlement for the fifty mile radius group is 4.56%, the average for those with 3% RPI or higher increase (those similar to Dike-New Hartford) is over 5%. Similarly a review of the settlements of the 10 larger/smaller grouping shows 11 schools with a RPI of more than 3%. In these groups teacher pay increased approximately 4.84% which is closer to the Association proposal that is a 4.98% increase.. Given this data on comparability and past contracts when combined with the ability to pay, the Arbitrator finds that the teacher proposal is more reasonable.

SUMMARY

Wages

BA Base increase of \$650 to \$\$26,325 and NFD of \$1675

Dated and signed by:

Micheal L. Thompson, Arbitrator

Certificate of Service

I certify that on the 25th day of June, 2008 I served the foregoing Arbitrator Award upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Cindy Carroll, UniServ Director
UniServ Unit 2
7 First Street SW
Box 402
Hampton, Iowa 50441

Lindsey Beecher, Superintendent
Dike-New Hartford Community School District
330 Main Street
Dike, Iowa 50624

I further certify that on the 25th day of June, 2008, I will submit this report for filing by mailing it to the Iowa Public Employment Relations Board, 510 East 12th Street, Suite 1B, Des Moines, Iowa 50309.